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# **Department of Human Services**

## **Fiscal 2022 Budget Overview**

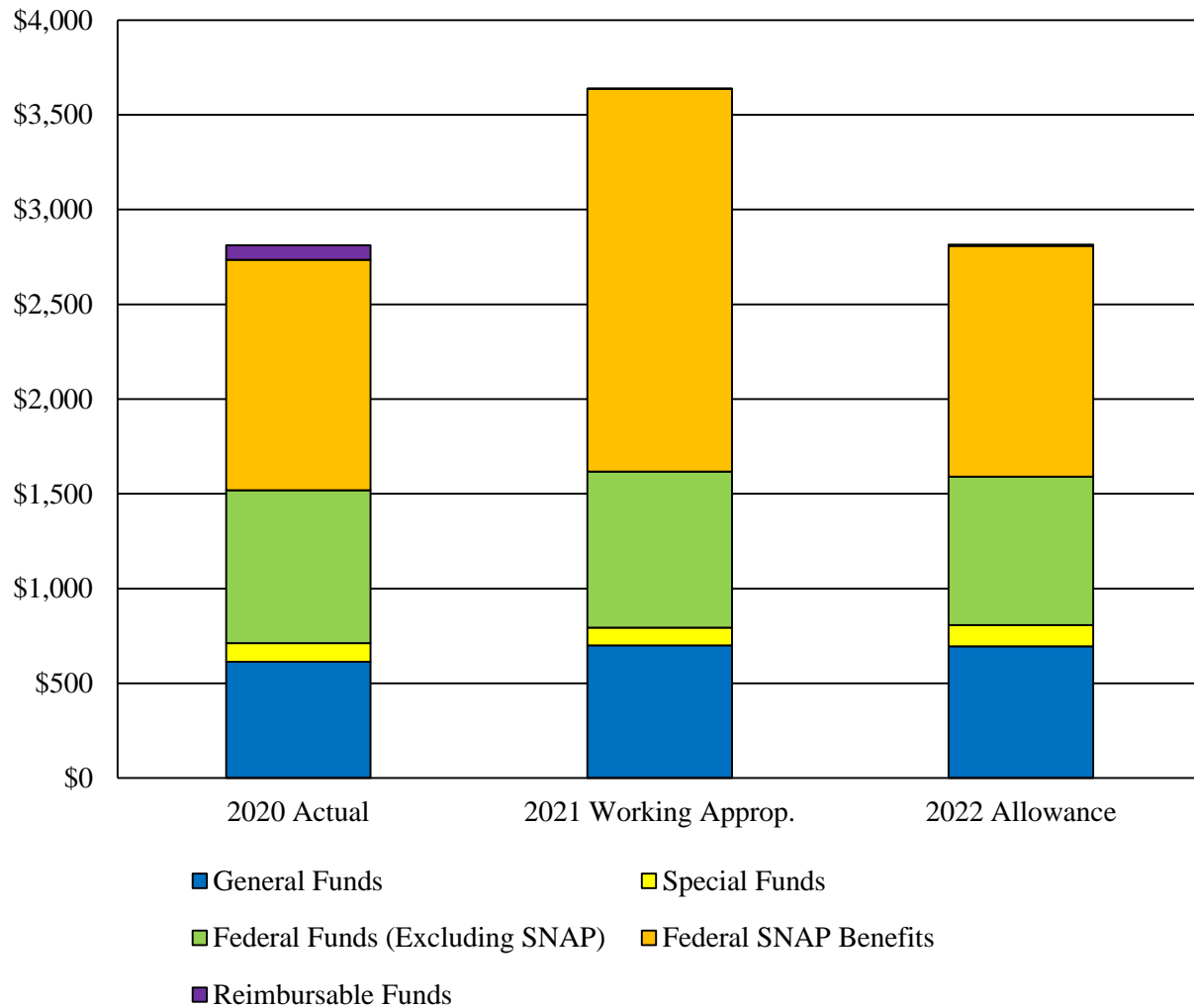
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**Department of Legislative Services**  
**Office of Policy Analysis**  
**Annapolis, Maryland**

**February 2021**

**N00**  
**Department of Human Services**  
**Fiscal 2022 Budget Overview**

**Funding by Source**  
**Fiscal 2020-2022 Allowance**  
**(\$ in Millions)**

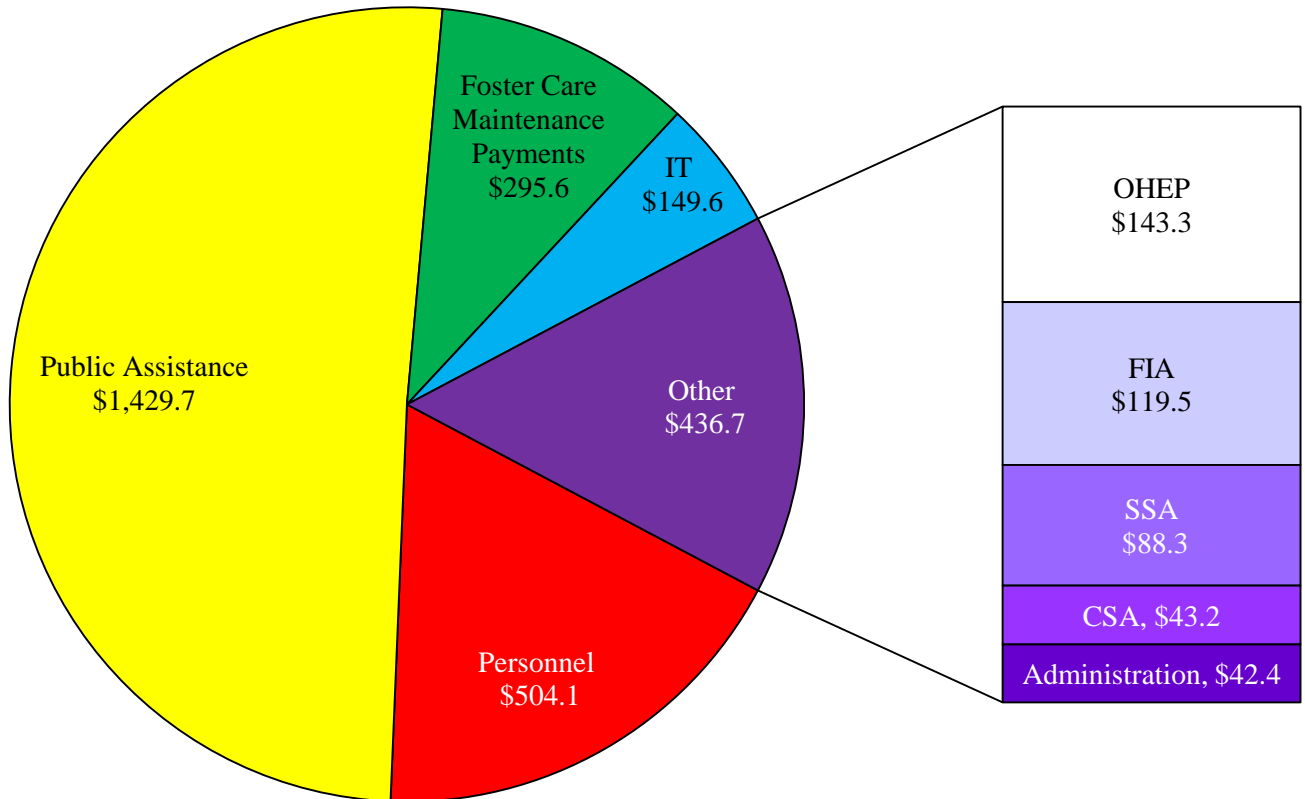


SNAP: Supplemental Nutrition Assistance Program

Note: Numbers may not sum due to rounding. The fiscal 2021 appropriation includes deficiencies, planned reversions, and general salary increases. The fiscal 2022 allowance includes contingent reductions, annual salary review increases, and annualization of general salary increases.

Source: Governor's Fiscal 2022 Budget Books; Department of Legislative Services

**Functional Breakdown of Spending**  
**Fiscal 2022 Allowance**  
**(\$ in Millions)**



CSA: Child Support Administration  
FIA: Family Investment Administration  
IT: information technology  
OHEP: Office of Home Energy Programs  
SSA: Social Services Administration

Note: The fiscal 2022 allowance includes the annualization of cost-of-living adjustments and annual salary review increases.

Source: Governor's Fiscal 2022 Budget Books; Department of Legislative Services

**Budget Overview: All Funds**  
**Fiscal 2020-2022 Allowance**  
**(\$ in Thousands)**

	<b><u>Actual</u></b> <b><u>2020</u></b>	<b><u>Wrk. App.</u></b> <b><u>2021</u></b>	<b><u>Allowance</u></b> <b><u>2022</u></b>	<b><u>\$ Change</u></b> <b><u>2021-2022</u></b>	<b><u>% Change</u></b> <b><u>2021-2022</u></b>
<b>Family Investment (Excluding SNAP)</b>	<b>\$439,198</b>	<b>\$531,906</b>	<b>\$471,843</b>	<b>-\$60,063</b>	<b>-11.3%</b>
TCA and Transitional Benefit	124,757	208,289	152,793	-55,495	-26.6%
TDAP	33,820	35,528	37,928	2,401	6.8%
Supplemental SNAP Benefit	3,056	4,781	4,781	0	0.0%
Other Public Assistance	16,070	16,416	17,849	-1,432	-8.7%
Work Opportunities	28,700	31,330	28,781	-2,549	-8.1%
Office of Grants Management	22,078	15,051	15,051	0	0.0%
Administration	210,717	220,511	214,660	-5,852	-2.7%
<b>Office of Home Energy Programs</b>	<b>\$125,169</b>	<b>\$132,333</b>	<b>\$144,359</b>	<b>\$12,026</b>	<b>9.1%</b>
<b>Social Services Administration</b>	<b>\$595,495</b>	<b>\$608,025</b>	<b>\$615,735</b>	<b>\$7,709</b>	<b>1.3%</b>
Foster Care/Adoption	293,818	285,439	295,596	10,157	3.6%
Programs/Administration	301,677	322,587	320,139	-2,448	-0.8%
<b>Child Support</b>	<b>\$93,847</b>	<b>\$96,292</b>	<b>\$94,603</b>	<b>-\$1,689</b>	<b>-1.8%</b>
<b>Administration</b>	<b>\$341,976</b>	<b>\$246,026</b>	<b>\$263,749</b>	<b>\$17,723</b>	<b>7.2%</b>
Office of the Secretary	30,542	30,629	29,717	-912	-3.0%
Operations	44,018	33,206	32,837	-369	-1.1%
Information Management	225,290	138,091	159,003	20,912	15.1%
Local Department Operations	42,126	44,099	42,191	-1,908	-4.3%
<b>Statewide Employee Compensation Adjustment</b>		<b>\$3,816</b>	<b>\$9,077</b>		
<b>Total</b>	<b>\$1,595,686</b>	<b>\$1,618,399</b>	<b>\$1,599,365</b>	<b>-\$19,033</b>	<b>-1.2%</b>
General Funds	\$613,454	\$701,124	\$694,646	-\$6,478	-0.9%
Special Funds	98,658	91,909	111,790	19,880	21.6%
Federal Funds (Excluding SNAP)	806,094	824,538	784,987	-39,551	-4.8%
Reimbursable Funds	77,480	828	7,943	7,115	859.6%
<b>Total Funds (Excluding Federal SNAP)</b>	<b>\$,595,686</b>	<b>\$1,618,399</b>	<b>\$1,599,365</b>	<b>-\$19,033</b>	<b>-1.2%</b>
<b>Federal SNAP Benefits</b>	<b>\$1,216,347</b>	<b>\$2,019,489</b>	<b>\$1,216,347</b>	<b>-\$803,142</b>	<b>-39.8%</b>
<b>Total (Including Federal SNAP)</b>	<b>\$2,812,033</b>	<b>\$3,637,888</b>	<b>\$2,815,713</b>	<b>-\$822,175</b>	<b>-22.6%</b>

SNAP: Supplemental Nutrition Assistance Program

TCA: Temporary Cash Assistance

TDAP: Temporary Disability Assistance Payment

Note: Numbers may not sum to total due to rounding. The fiscal 2021 appropriation includes deficiencies and general salary increases. The fiscal 2022 allowance includes the annualization of general salary increases and annual salary reviews. Supplemental SNAP includes the Summer SNAP for Children and Supplemental Benefit for Seniors programs.

Source: Governor's Fiscal 2022 Budget Books; Department of Legislative Services

**Budget Overview: General Funds**  
**Fiscal 2020-2022 Allowance**  
**(\$ in Thousands)**

	<u>Actual 2020</u>	<u>Wrk. App. 2021</u>	<u>Allowance 2022</u>	<u>\$ Change 2021-2022</u>	<u>% Change 2021-2022</u>
<b>Family Investment</b>	<b>\$118,125</b>	<b>\$209,145</b>	<b>\$169,054</b>	<b>-\$40,091</b>	<b>-19.2%</b>
TCA Payments	2,559	78,438	45,564	-32,874	-41.9%
TDAP	28,958	29,833	32,445	2,613	8.8%
Supplemental SNAP Benefit	3,056	4,781	4,781	0	0.0%
Other Public Assistance	8,703	9,899	9,899	0	0.0%
Work Opportunities	0	0	0	0	0.0%
Office of Grants Management	6,725	7,621	7,621	0	0.0%
Administration	68,125	78,574	68,744	-9,830	-12.5%
<b>Office of Home Energy Programs</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>
<b>Social Services Administration</b>	<b>\$373,535</b>	<b>\$384,106</b>	<b>\$377,945</b>	<b>-\$6,161</b>	<b>-1.6%</b>
Foster Care/Adoption	202,328	207,767	206,224	-1,543	-0.7%
Programs/Administration	171,207	176,339	171,721	-4,618	-2.6%
<b>Child Support</b>	<b>\$20,233</b>	<b>\$21,305</b>	<b>\$18,792</b>	<b>-\$2,512</b>	<b>-11.8%</b>
<b>Administration</b>	<b>\$101,560</b>	<b>\$84,543</b>	<b>\$124,029</b>	<b>\$39,486</b>	<b>46.7%</b>
Office of the Secretary	22,997	22,992	22,694	-297	-1.3%
Operations	20,832	16,680	15,218	-1,462	-8.8%
Information Management	31,811	17,953	61,134	43,181	240.5%
Local Department Operations	25,922	26,918	24,982	-1,935	-7.2%
<b>Statewide Employee Compensation Adjustment</b>		<b>\$2,025</b>	<b>\$4,826</b>		
<b>Total</b>	<b>\$613,454</b>	<b>\$701,124</b>	<b>\$694,646</b>	<b>-\$6,478</b>	<b>-0.9%</b>

SNAP: Supplemental Nutrition Assistance Program

TCA: Temporary Cash Assistance

TDAP: Temporary Disability Assistance Payment

Note: Numbers may not sum to total due to rounding. The fiscal 2021 appropriation includes deficiencies and general salary increases. The fiscal 2022 allowance includes the annualization of general salary increases and annual salary review increases. Supplemental SNAP includes the Summer SNAP for Children and Supplemental Benefit for Seniors programs.

Source: Governor's Fiscal 2022 Budget Books; Department of Legislative Services

## **Fiscal 2021 Actions**

### **Deficiency Appropriations**

The fiscal 2022 budget contains five deficiency appropriations for the Department of Human Services (DHS):

- \$1.1 billion in federal funds to support Supplemental Nutrition Assistance Program (SNAP) and Pandemic Electronic Benefits Transfer benefits;
- \$60.8 million to support increased Temporary Cash Assistance (TCA) program caseload – comprised of \$38.1 million in general funds, \$5.0 million in Child Support Offset special funds, and \$17.7 million from Temporary Assistance for Needy Families (TANF) federal funds;
- \$37.2 million in general funds to provide an enhanced TCA benefit from January 2021 to June 2021;
- \$6.4 million in federal funds to support the Shared Human Services Platform, Maryland's Total Human-services Integrated Network; and
- \$1.5 million in general funds to support a temporary 2% increase for out-of-home providers with rates set by the Interagency Rates Committee from January 1, 2021, through June 30, 2021.

### **Cost Containment**

In response to the COVID-19 pandemic, the Administration's budget balancing plan, approved by the Board of Public Works on July 1, 2020, included several cost containment actions reducing DHS's fiscal 2021 appropriation:

- \$8.5 million to reduce funding for legacy information technology systems, software licenses, and hardware purchases – comprised of \$3.9 million in general funds and \$4.6 million in federal funds;
- \$3.1 million in general funds to hold out-of-home provider rates set by the Interagency Rates Committee at the fiscal 2020 level; and
- \$921,348 as part of an across-the-board reduction to unemployment insurance compensation – comprised of \$485,521 in general funds, \$12,734 in special funds, and \$423,093 in federal funds.

**Proposed Budget Changes**  
**Department of Human Services**  
**Fiscal 2021-2022**  
**(\$ in Thousands)**

	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Total</u></b>
2021 Working Appropriation	\$701,124	\$91,909	\$2,844,027	\$828	\$3,637,888
2022 Governor's Allowance	694,646	111,790	2,001,335	7,943	2,815,713
Amount Change	-\$6,478	\$19,880	-\$842,693	\$7,115	-\$822,175
Percent Change	-0.9%	21.6%	-29.6%	859.6%	-22.6%

**Where It Goes:**

**Personnel Expenses**

	<b><u>Change</u></b>
Annualization of 2% general salary increase, effective January 1, 2021.....	\$4,274
Regular earnings .....	2,631
Annual salary review .....	987
Restore unemployment compensation funding, after one-time reduction in funding approved by the Board of Public Works.....	906
Social Security contributions .....	202
Turnover expectancy.....	66
Employees' retirement system.....	-349
Workers' compensation .....	-826
Employee and retiree health insurance .....	-3,965
Abolition of 127.37 positions .....	-7,316

**Assistance Payments**

TCA average benefit increase to align with recent experience.....	5,293
Child support pass through not included in fiscal 2021 budget.....	3,206
TDAP due to mandated benefit increase (estimated \$9).....	1,375
TDAP due to slight caseload increase .....	1,026
Welfare Avoidance Grants to align with fiscal 2020 actual .....	-144
Emergency Assistance to reflect elimination of local funds consistent with fiscal 2020 experience .....	-321
EAFC to better reflect recent experience.....	-1,309
TCA Cliff Initiative to reflect fiscal 2021 experience .....	-1,790
TCA due to anticipated caseload decline.....	-21,780
Temporary additional benefit of \$100 per TCA recipient from January 2021 through June 2021 .....	-37,221
SNAP to align with fiscal 2020 actual .....	-803,142

**Family Investment Administration Other**

Contracts and grants related to the Work Opportunities Program .....	-2,318
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**Information Technology**

*N00 – Department of Human Services – Fiscal 2022 Budget Overview*

<b>Where It Goes:</b>	<b><u>Change</u></b>
CSMS application development .....	8,976
Parallel use of legacy systems and new CJAMS and E&E applications in first operational year .....	8,712
MDTHINK platform components transition from development to maintenance and operations.....	2,845
Hosting costs of other DHS information systems .....	938
<b>Foster Care Maintenance Payments</b>	
Foster care payments primarily due increased placement costs including a maximum 4% rate increase and a slight increase in placements .....	12,969
Subsidized adoption placements partially offset by subsidized guardianships to better align with recent experience .....	259
Other foster care expenditures, including flexible funds and day care expenditures, to align with recent experience .....	-3,071
<b>Office of Home Energy Program</b>	
Energy Assistance benefits primarily due to availability of Strategic Energy Investment Fund balance.....	12,096
<b>Social Services Administration</b>	
Technical assistance and evaluation contracts and grants for the Title IV-E Waiver following completion of evaluation and wrap up waiver activities .....	-949
<b>Other</b>	
Other changes .....	-4,437
<b>Total</b>	<b>-\$822,175</b>

DHS: Department of Human Services  
CJAMS: Child, Juvenile, and Adult Management System  
CSMS: Child Support Management System  
EAFC: Emergency Assistance for Families with Children  
E&E: Eligibility and Enrollment system  
MDTHINK: Maryland Total Human Services Information Network  
SNAP: Supplemental Nutrition Assistance Program  
TCA: Temporary Cash Assistance  
TDAP: Temporary Disability Assistance Payment

Note: Numbers may not sum to total due to rounding.

Source: Governor’s Fiscal 2022 Budget Books; Department of Human Services; Department of Legislative Services



**Caseload Estimates Assumed in the Budget  
Fiscal 2019-2022 Estimated**

<b><u>Program</u></b>	<b><u>Actual</u> <u>2019</u></b>	<b><u>Actual</u> <u>2020</u></b>	<b><u>Estimated</u> <u>2021</u></b>	<b><u>Estimated</u> <u>2022</u></b>	<b><u>% Change</u> <u>2021-2022</u></b>
<b>Cash Assistance</b>					
TCA	42,661	46,767	63,156	55,137	-13%
TCA Transitional Benefit	n/a	1,319	9,635	6,639	-31%
TDAP	12,510	13,159	12,142	12,493	0%
SNAP Supplemental Benefit	22,433	20,769	27,363	27,363	0%
Federal SNAP	625,914	648,705	798,814	648,705	-19%
<b>Child Welfare</b>					
Foster Care	3,478	3,338	3,400	3,407	0%
Subsidized Adoption/Guardianship	9,058	8,525	8,792	8,406	-4%
<b>Child Support</b>					
TCA Collections	\$14,938,248	\$21,115,387	\$18,148,653	\$18,326,305	1%
Non-TCA Collections	\$530,351,381	\$561,800,108	\$532,607,505	\$529,689,772	-1%

SNAP: Supplemental Nutrition Assistance Program

TCA: Temporary Cash Assistance

TDAP: Temporary Disability Assistance Payment

Note: The fiscal 2021 SNAP estimate is an approximation based on current participation levels. All other figures are the caseload/recipients assumed for budget purposes. The TCA Transitional Benefit figure represents all recipients expected to receive the benefit in the year. All other cash assistance figures are provided in average monthly recipients.

Source: Governor's Fiscal 2021 and 2022 Budget Books; Department of Human Services; Department of Budget and Management

**Employment: Full-time Equivalent Regular Positions and  
Contractual Positions  
Fiscal 2020-2022**

	<b><u>Actual 2020</u></b>	<b><u>Wrk. App. 2021</u></b>	<b><u>Allowance 2022</u></b>	<b><u>Change 2021-2022</u></b>
<b>Regular Positions</b>				
Social Services	2,653.45	2,648.45	2,629.45	-19.00
Family Investment	1,992.30	1,993.30	1,933.30	-60.00
Administration	802.23	797.23	762.23	-35.00
Child Support	655.20	664.20	652.20	-12.00
Office of Home Energy Programs	15.87	14.87	13.50	-1.37
<b>Total Positions</b>	<b>6,119.05</b>	<b>6,118.05</b>	<b>5,990.68</b>	<b>-127.37</b>
<b>Contractual Positions</b>				
Social Services	3.57	2.50	2.50	0.00
Family Investment	69.89	70.00	70.00	0.00
Administration	45.49	3.33	3.33	0.00
Child Support	20.99	1.00	1.00	0.00
Office of Home Energy Programs	0.10	0.00	0.00	0.00
<b>Total Positions</b>	<b>140.04</b>	<b>76.83</b>	<b>76.83</b>	<b>0.00</b>

Source: Governor's Fiscal 2022 Budget Books

- The fiscal 2022 allowance abolishes 127.37 positions throughout DHS, all of which were long-term vacant positions. DHS indicates that the removal of these positions will not affect operations or service delivery.

**Filled Regular Positions  
Fiscal 2019-2021  
January 1 Data**

	<b>2019</b>			<b>2020</b>			<b>2021</b>			<b>Change in Filled</b>	<b>Change in % Filled</b>
	<b><u>Filled</u></b>	<b><u>Authorized</u></b>	<b><u>% Filled</u></b>	<b><u>Filled</u></b>	<b><u>Authorized</u></b>	<b><u>% Filled</u></b>	<b><u>Filled</u></b>	<b><u>Authorized</u></b>	<b><u>% Filled</u></b>		
Administration	715.6	799.2	89.5%	702.1	802.2	87.5%	674.7	797.2	84.6%	-27.4	-2.9%
Social Services	2,446.5	2,652.5	92.2%	2,398.0	2,653.5	90.4%	2,411.5	2,648.5	91.1%	13.5	0.7%
Child Support	602.7	653.2	92.3%	596.2	655.2	91.0%	588.2	664.2	88.6%	-8.0	-2.4%
Family Investment	1,847.8	2,015.2	91.7%	1,816.3	2,008.2	90.4%	1,721.8	2,008.2	85.7%	-94.5	-4.7%
<b>Total</b>	<b>5,612.6</b>	<b>6,120.1</b>	<b>91.7%</b>	<b>5,512.6</b>	<b>6,119.1</b>	<b>90.1%</b>	<b>5,396.2</b>	<b>6,118.1</b>	<b>88.2%</b>	<b>-116.4</b>	<b>-1.9%</b>

Note: Numbers may not sum to total due to rounding. Fiscal 2021 authorized positions include positions abolished in the fiscal 2022 allowance.

Source: Governor's Fiscal 2021 and 2022 Budget Books; Department of Budget and Management; Department of Legislative Services

## ***Issues***

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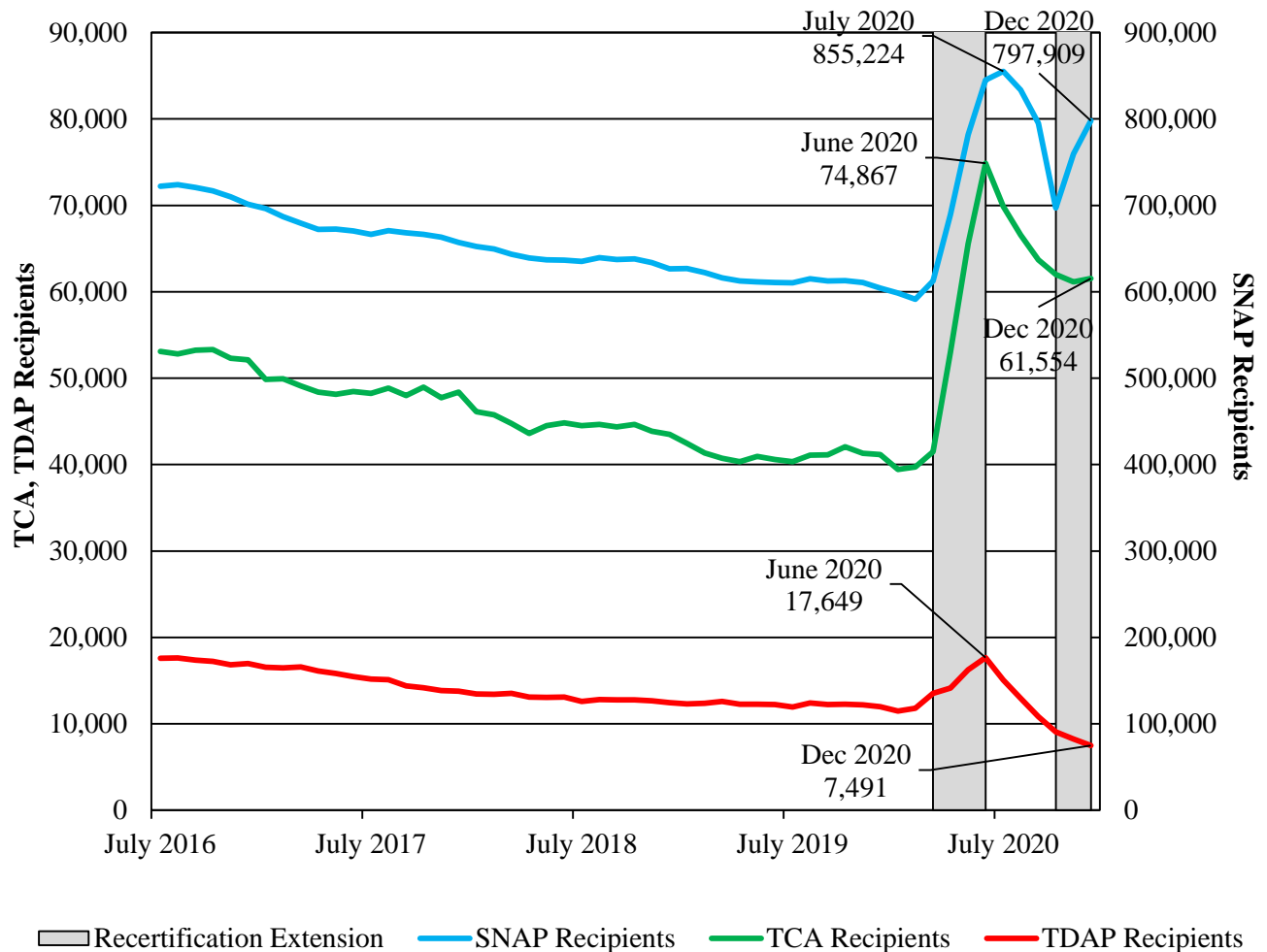
### **1. Case Closures Surge during Recertification Periods, but Slow After Recertification Is Extended for SNAP and TCA**

During the early months of the COVID-19 pandemic, caseloads for the primary public assistance programs in DHS surged. Applications in April 2020 for both SNAP and TCA were at the highest levels in program history:

- SNAP applications totaled 149,346, a 419% increase over March; and
- TCA applications totaled 17,520, a 261% increase over March.

**Exhibit 1** shows the impact of the increased applications on the caseloads for SNAP, TCA, and the Temporary Disability Assistance Program (TDAP). Of note, TDAP did not experience a significant surge in applications in April 2020, but the caseload rose in the following months. This increase occurred as changes due to the COVID-19 pandemic led to six-month extensions in recertification as well as the granting of some other flexibilities related to timelines for submitting documentation, including verifications of disability for TDAP. The flexibilities will be discussed more fully in the DHS Family Investment Administration analysis.

**Exhibit 1**  
**Public Assistance Recipients**  
**Fiscal 2017 through December 2020**



TCA: Temporary Cash Assistance

TDAP: Temporary Disability Assistance Program

SNAP: Supplemental Nutrition Assistance Program

Source: Department of Human Services; Department of Legislative Services

In general, DHS has followed the flexibilities that it has received for SNAP in other programs it administers. While following one set of guiding principles makes it easier on recipients, at times it has led to DHS re-imposing requirements (such as recertification) for programs in which the State, at its own discretion, could have delayed. Initially, for the period of March 2020 through May 2020, the U.S. Department of Agriculture (USDA) approved DHS to provide six-month recertification extensions. The Families First Coronavirus Response Act allowed for the extension to continue through June. DHS did not request such an extension in the following month, as noted in a December 2020

hearing before the House Appropriations Committee Health and Social Services Subcommittee, because of federal discouragement of these extensions. However, the federal Continuing Resolutions Act 2021 (signed into law on October 1, 2020) granted states the option of adopting a variety of SNAP flexibilities without USDA approval. Following that, DHS once again granted six-month extensions of certifications from October 2020 through March 2021.

During the period in which recertifications resumed, recipients for each benefit type declined significantly from the peak in June or July 2020. In October 2020, SNAP recipients had declined 22.6% from the July peak, while TCA recipients in November 2020 were 18.3% below the June peak. Caseloads for SNAP began to rise again following the restart of the six-month extensions of recertification. In December 2020, TCA caseloads stabilized after the substantial declines in prior months. However, TDAP recipients continued to decline at a rapid pace even after the extension restart. The number of TDAP recipients has fallen to historic lows, well below the prepandemic levels. In December 2020, the number of TDAP recipients was 57.6% below the June peak but also 36.6% below the prepandemic level in February 2020.

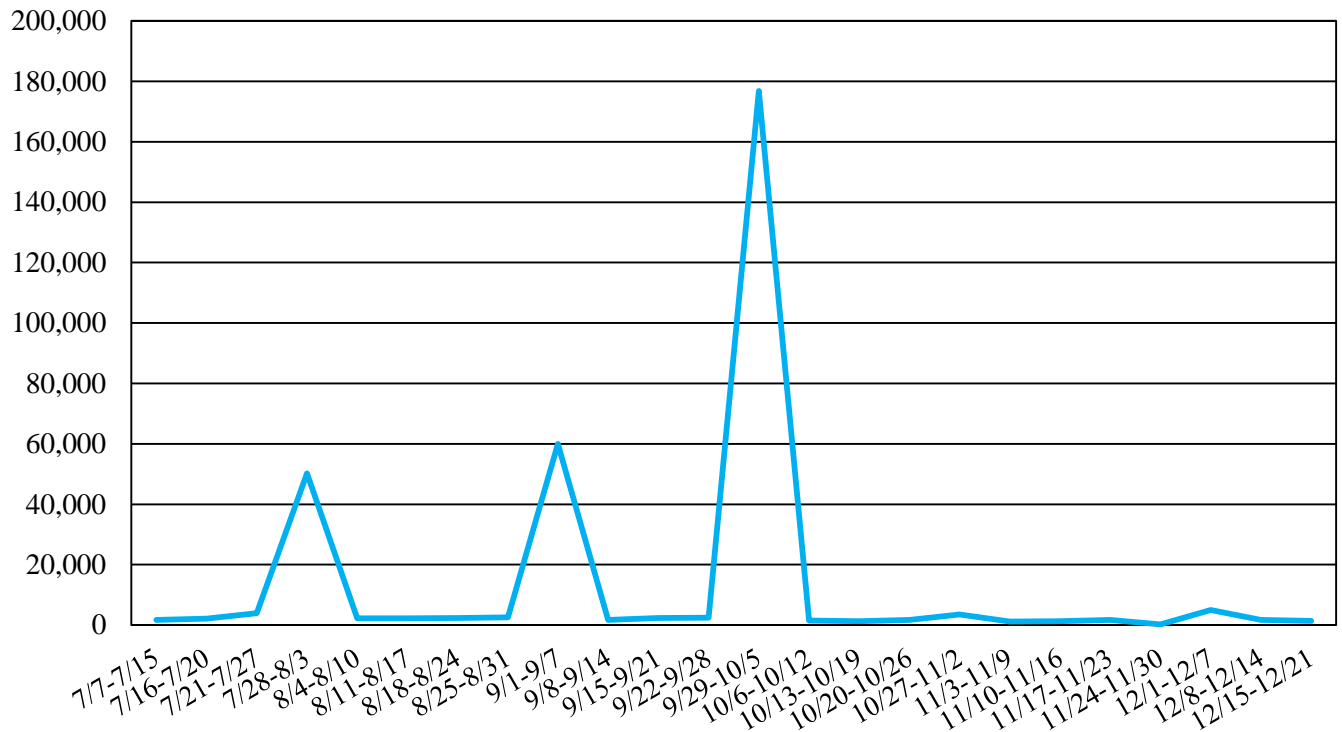
### **Case Closures After End of Recertification Extensions**

Although temporarily on hold again, it is worthwhile understanding what happened during the months when recertification resumed as it will offer lessons moving forward when current program flexibility ends. During the period when recertifications resumed, the number of case closures increased substantially, and the reason for case closures shifted among all major public benefit programs.

#### **SNAP**

As shown in **Exhibit 2**, there were large spikes one week a month in the number of SNAP case closures during the period in between the recertification extensions because of the timing of when recertifications must be completed. During these weeks, more than 90% of case closures were due to failure to reapply. In all other weeks and periods outside of the recertification extensions, the causes of closure tended to shift week to week but, in most weeks, 30% to 40% were due to income over limit, with the next two highest causes typically related to providing verification documentation.

**Exhibit 2**  
**SNAP Closures by Week**  
**July 7, 2020, to December 21, 2020**



SNAP: Supplemental Nutrition Assistance Program

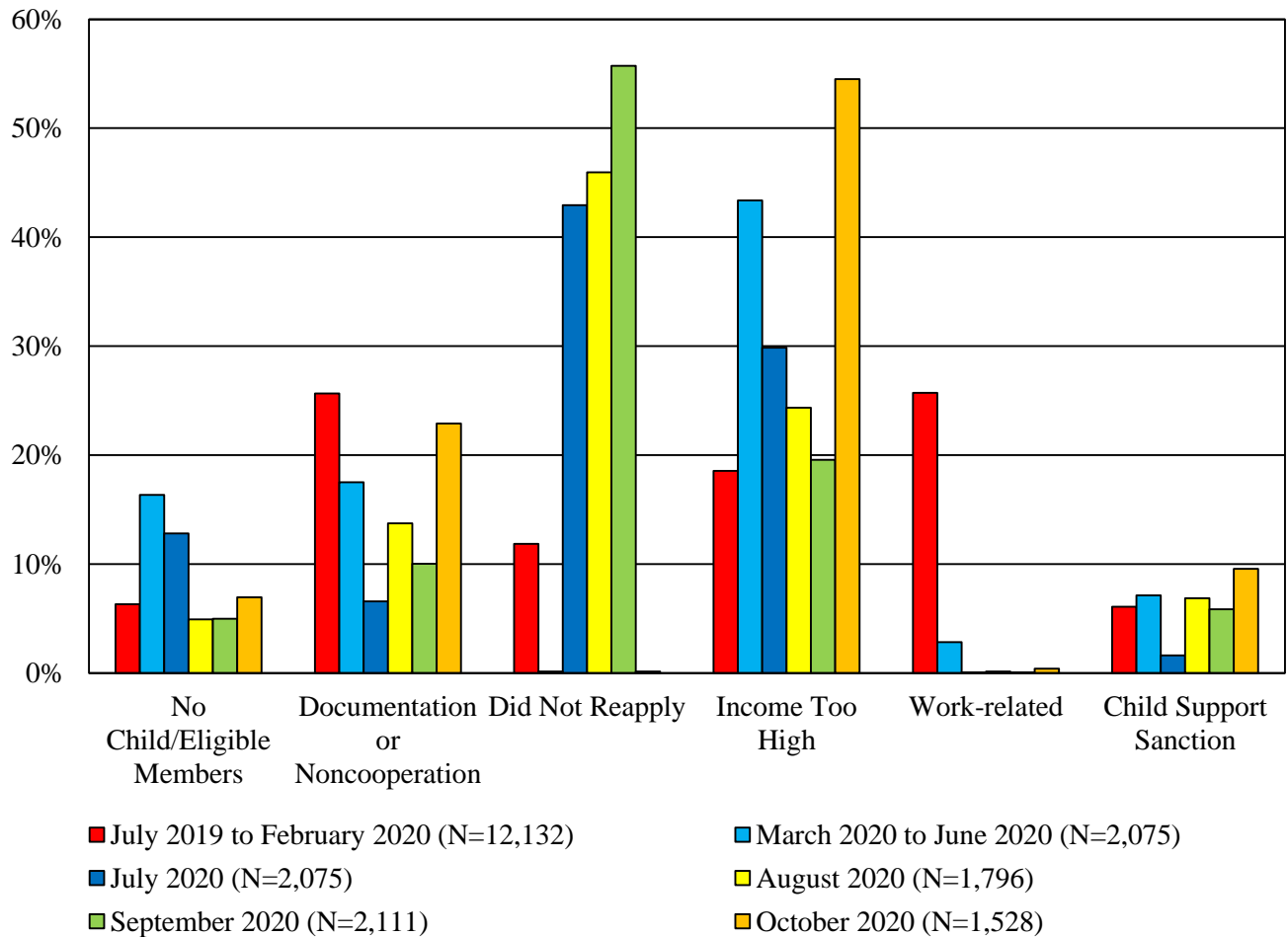
Note: The recertification extension beginning October 2020 was announced October 26, 2020.

Source: Department of Human Services

**TCA**

TCA also experienced higher numbers of case closures during the months after the end of the recertification extensions. For example, in fiscal 2020, prior to the pandemic, case closures averaged 1,517 per month, while the case closures exceeded 2,000 in each August and September 2020. In addition, there were notable differences in the reason for case closure. As shown in **Exhibit 3**, prior to the pandemic, the most common reasons for TCA case closure were work-related (primarily sanctions) and lack of documentation or noncooperation with eligibility. During the initial months after recertification restarted, the most common reason was failure to reapply, which was only the fourth most common reason prior to the pandemic. In each of those initial months, more than 40% of case closures were due to failure to reapply, reaching 56% in September 2020. Prior to the pandemic, in fiscal 2020, no single cause ever accounted for greater than 30% of closures.

**Exhibit 3**  
**TCA Case Closures by Reason**  
**July 2019 to October 2020**



TCA: Temporary Cash Assistance

Note: The recertification extension beginning October 2020 was announced October 26, 2020.

Source: Department of Human Services

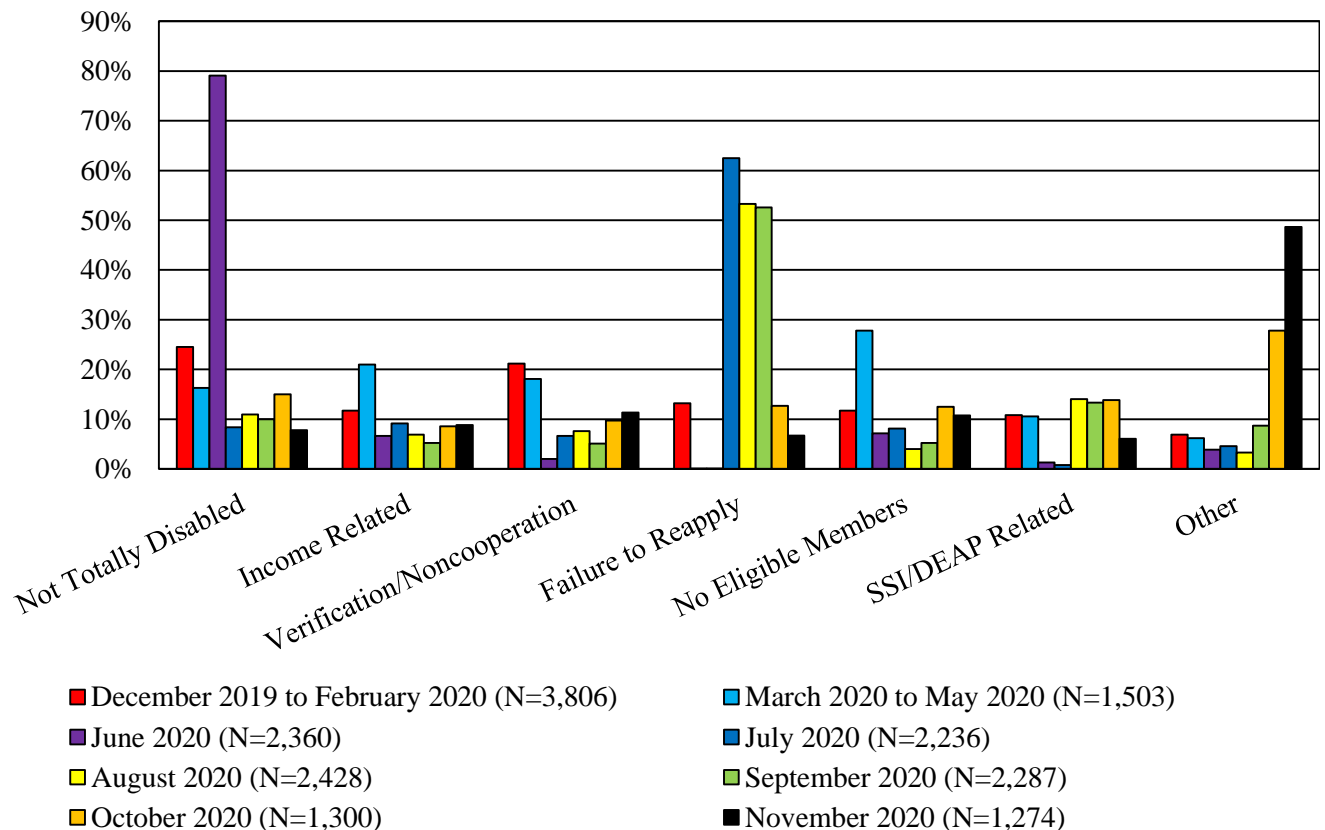
In October 2020, when the recertification extension restarted, while case closures remained higher than during the prior period of the extension, the most common cause shifted to income too high. This cause would be expected to be a leading reason during this period as the economy began to recover. Also notable, work-related case closures were virtually eliminated following the start of the pandemic, as DHS suspended work requirements.



## TDAP

A similar trend occurred in TDAP with some key differences. As shown in **Exhibit 4**, in the three months of fiscal 2020 prior to the pandemic, monthly TDAP case closures varied widely but averaged 1,269 per month. In each month from June 2020 through September 2020, TDAP case closures exceeded 2,200 per month. As with TCA, the most common cause of closure was failure to reapply during the July to September 2020 recertification restart period. This reason accounted for greater than 50% of case closures in each of these months, while only accounting for 13% of closures in the three months prior to the pandemic in fiscal 2020.

**Exhibit 4**  
**TDAP Case Closure by Reason**  
**December 2019 to November 2020**



DEAP: Disability Entitlement Advocacy Provider  
SSI: Supplemental Security Income  
TDAP: Temporary Disability Assistance Program

Note: The recertification extension beginning October 2020 was announced October 26, 2020.

Source: Department of Human Services; Department of Legislative Services

The June 2020 case closures proceeded the restart of recertification, but a key flexibility related to a deadline for providing verifications (for example, medical certification of disability) in the program expired in that month. In that month, 79% of case closures were due to being not totally disabled, a much greater share than the period prior to the pandemic or the subsequent months. It is also notable that medical access was still somewhat limited in that month, which could have caused issues for individuals seeking to obtain this type of verification.

As noted earlier, the TDAP caseload has continued to substantially decline after the restart of the recertification extension in contrast to TCA and SNAP caseloads that have rebounded or stabilized after that point. Several factors have contributed to these ongoing declines including:

- a unique trend of TDAP recipients not securing a final disability determination from a medical provider;
- a recent trend (October and November only) of larger than typical numbers of recipients reaching the nine-month time limit to qualify as a short-term recipient; and
- a lower than typical approval rate for TDAP applications so that customers reapplying after case closure are not having cases reopened as has occurred with the other programs.

For example, TDAP application approval rates were less than 10% for each month between August and October 2020, primarily related to not providing required documentation (either medical or otherwise). The documentation is impacted by factors including limited access to technology and higher rates of housing instability, which make mailing of documents and notification that documents are needed for approval difficult. In addition, the continued limited access to medical care, particularly for individuals who may be at higher risk for COVID-19 complications, is likely to play a significant role in the ability to receive the medical certification. DHS indicates that because the medical documentation is required in statute, it is unable to waive this requirement. However, DHS did extend the time period to provide documentation, including medical documentation, early in the pandemic and given the ongoing state of emergency; and the Governor has waived many other statutory requirements in the past year, it is unclear why a similar extension could not be granted at this time. **DHS should comment on the extent to which access to physicians to make disability determinations has factored into TDAP case closures and application denials and whether the department asked the Governor to waive the documentation requirement.**

### **Planning for the End of the Extension of Recertification**

Although brief, the temporary end of the recertification substantially impacted recipients of public assistance and highlights concerns for what might occur when the recertification extensions eventually expire. During the December 2020 hearing, advocates and recipients noted that cases were sometimes closed due to failure to recertify even when documents were submitted but not yet processed. DHS noted that it was reviewing cases to determine if the cases were properly closed and reaching out to recipients if they did not reapply. At the December 2020 hearing, DHS provided estimates of the number of recertifications that will be required for the April 2021 through July 2021 period, following the current recertification extension (see **Exhibit 5**). The high volume could pose

challenges for local departments of social services staff, similar to the application spikes early in the COVID-19 pandemic. **DHS should comment on the status of these efforts and plans for the transition at the end of this extension period to limit the likelihood of a similar occurrence. The Department of Legislative Services also recommends committee narrative requesting data on case closures by program and reason. The recommendation will be included in the DHS Family Investment Administration analysis.**

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**Exhibit 5**  
**Recertifications Due by Month**

	<u>TCA</u>	<u>SNAP</u>	<u>TDAP</u>	<u>PAA</u>	<u>Total by Month</u>
<b>April 2021</b>	3,073	85,598	762	294	<b>89,727</b>
<b>May 2021</b>	3,436	66,161	1,002	467	<b>71,066</b>
<b>June 2021</b>	2,961	63,857	1,178	519	<b>68,515</b>
<b>July 2021</b>	2,573	45,667	916	469	<b>49,625</b>

PAA: Public Assistance to Adults

SNAP: Supplemental Nutrition Assistance Program

TCA: Temporary Cash Assistance

TDAP: Temporary Disability Assistance Program

Source: Department of Human Services

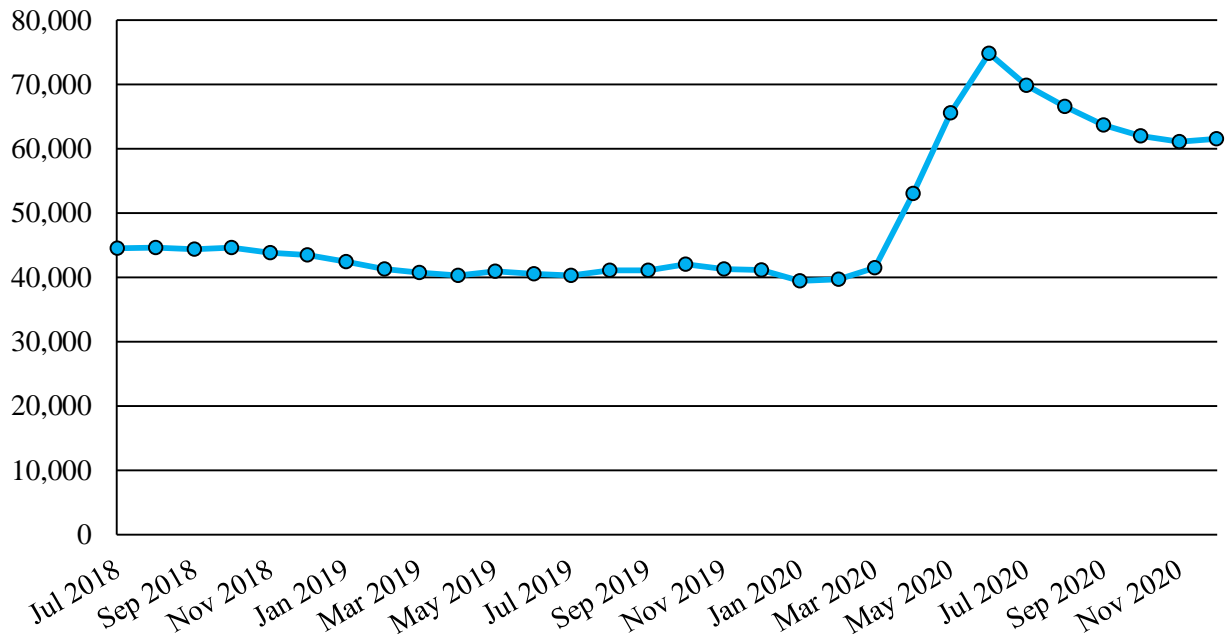
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## **2. Outcomes of TCA Receipt**

TCA is Maryland's TANF program and provides cash assistance to families with dependent children that do not have the resources to fully address the family's needs. Features of this program also work to prepare program participants for independence through employment. TCA is only available to dependent children and other family members due to death, incapacitation, underemployment, or unemployment of one or both parents.

The COVID-19 pandemic has created economic instability for many Maryland families, leading to a considerable rise in the TCA caseload. As shown in **Exhibit 6**, from April 2020 through December 2020, an average of 64,260 recipients participated in TCA monthly. Over the same months in 2019, an average of 40,990 recipients participated, totaling just 64% of the caseload in pandemic months.

**Exhibit 6**  
**TCA Recipients**  
**Fiscal 2019-2021 (through December 2020)**



TCA: Temporary Cash Assistance

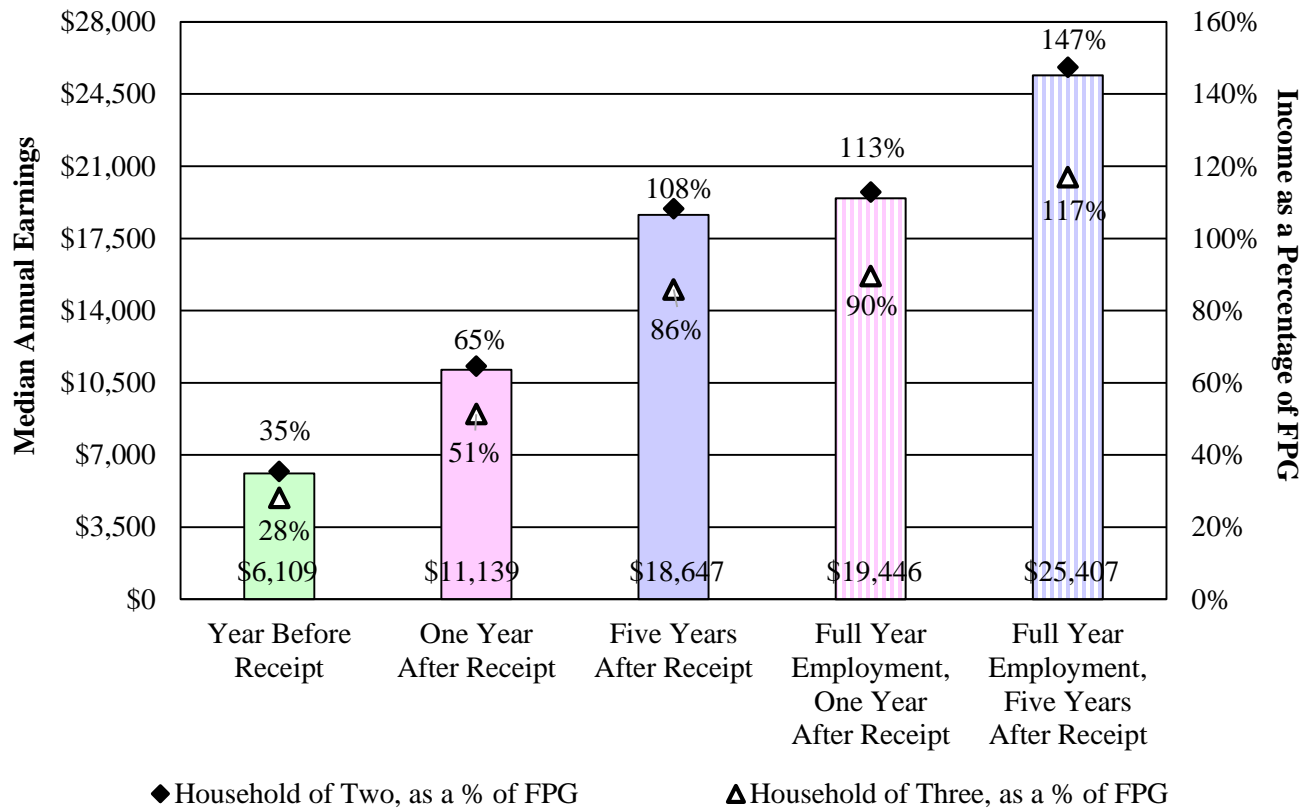
Source: Department of Human Services

## **Employment and Earnings After Leaving TCA Leads to Challenges during Pandemic**

The *Life After Welfare, 2020 Annual Update* report, published by the University of Maryland School of Social Work, studies the outcomes of families after they exit the program. The 2020 Annual Update reports on a sample of 19,041 families that exited the TCA program between July 2012 and June 2019. While the 2020 Annual Update's sample only includes statistics about families prior to the pandemic, the data reveals that families that exited TCA were uniquely positioned to experience substantial challenges brought on by the pandemic.

The sample's adult recipients were more likely to be employed after exiting the TCA program than before their entry in the program. Median earnings after exit from the program also grew from approximately \$11,000 to more than \$18,000 in the first five years after exit. But despite this substantial growth, the \$18,000 median earnings level represents just 104% of the 2020 federal poverty guidelines (FPG) for a household of two and 83% FPG for a household of three. Of the sample included in the study, 72% were families with one or two children. As such, the majority of exiters would have earnings near or below the poverty level, as shown in **Exhibit 7**.

**Exhibit 7**  
**Median Annual Earnings Relative to FPG by Household Size**  
**July 2012 to June 2019**



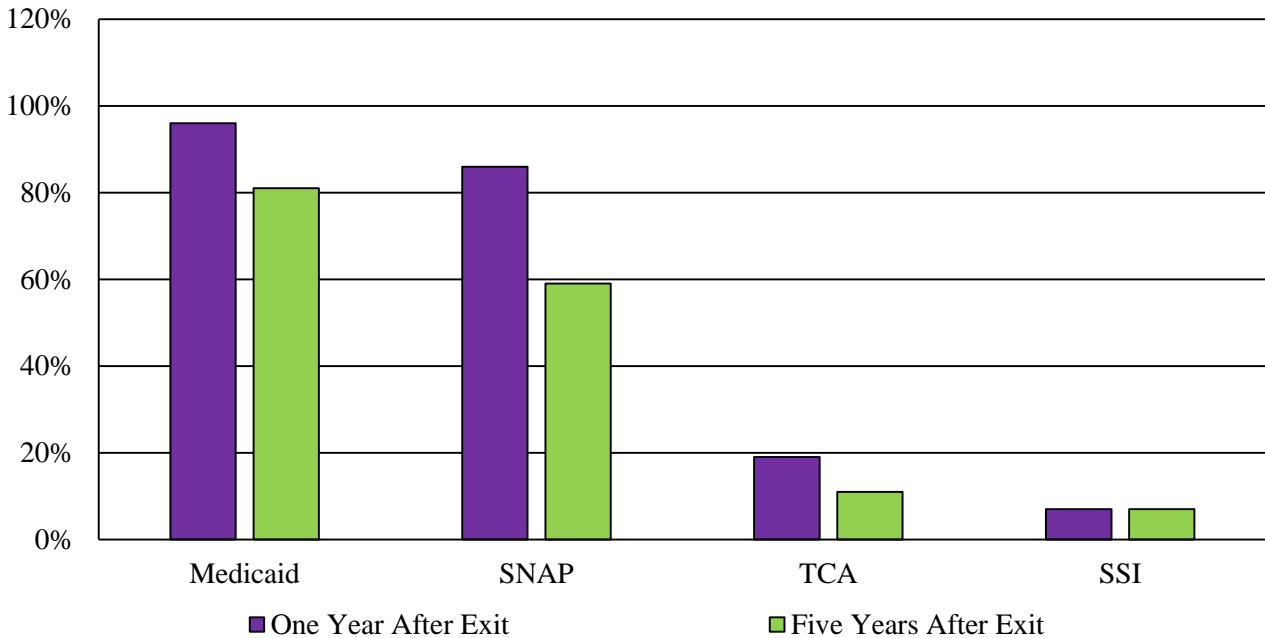
FPG: federal poverty guidelines

Source: *Life After Welfare, Annual Update*, December 2020, University of Maryland School of Social Work

The study also notes that full-year employment dramatically increases earnings, with full-year employment yielding median earnings of \$19,446 in the first year after exiting TCA and \$25,407 in the fifth year. However, as shown in Exhibit 7, even full-year employment in the first year after exit yielded median earnings just 13% greater than the FPG for a family of two and was still below the FPG for a family of three. More than 60% of the sample did not attain full-year employment in the five years after exit.

After exiting the program, some families were not able to fully realize financial independence and continued to participate in public benefit programs. Within the first five years of exiting the program, 32% of families returned to TCA, with 13% returning after 3e to 6 months and 6% returning after 7 to 12 months. In the first year after exit, utilization of transitional benefits was high, as 96% of the sample received Medicaid and 86% received SNAP benefits. However, participation in TCA, SNAP, and Medicaid decreased by the fifth year after exit, as shown in **Exhibit 8**.

**Exhibit 8**  
**Rate of Receipt by Program**  
**July 2012 to June 2019**



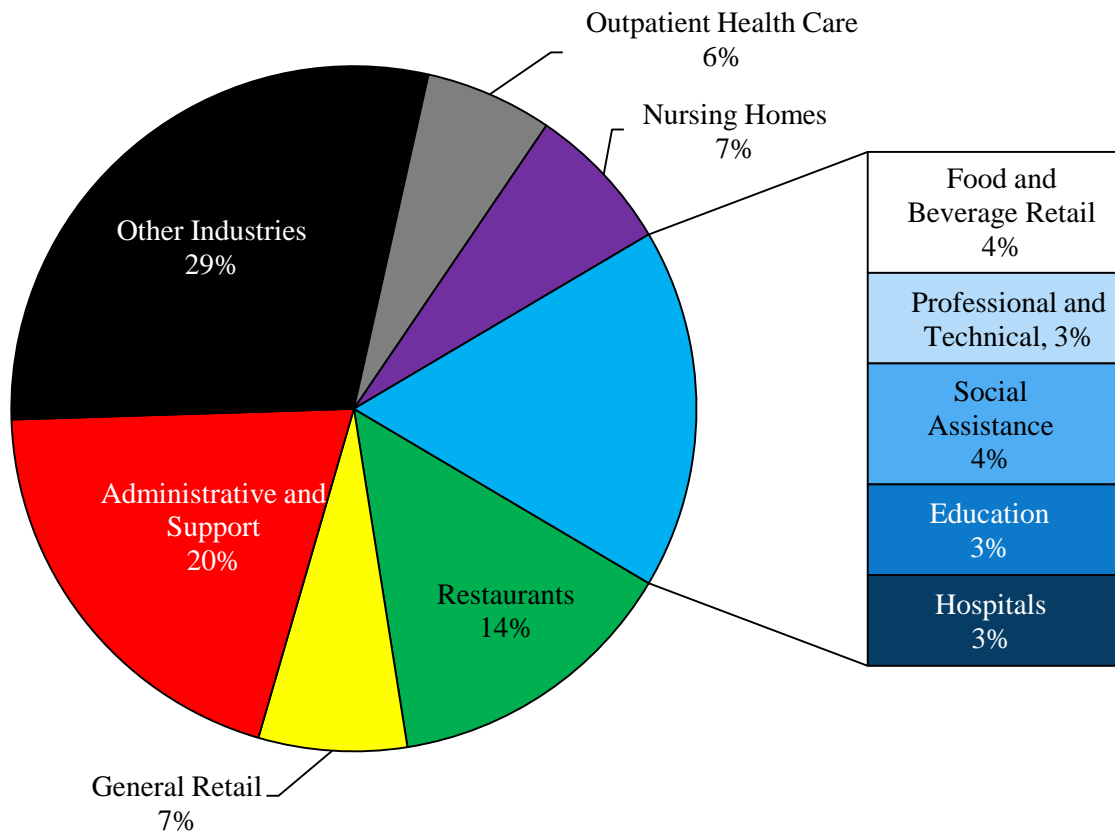
SNAP: Supplemental Nutrition Assistance Program  
SSI: Supplemental Security Income  
TCA: Temporary Cash Assistance

Note: Data reflects total utilization rates by program in the first and fifth year after exiting the TCA program. Data excludes those who returned to TCA in the first two months after exit who typically exit for administrative reasons.

Source: *Life After Welfare, Annual Update*, December 2020, University of Maryland School of Social Work

As shown in **Exhibits 9** and **10**, 20% of adult recipients in the sample worked in administrative and support industries in the first quarter that they were employed after exiting the TCA program and were provided a relatively low median quarterly salary of \$2,347. The next largest employers were restaurants (14%) and general retail (7%), which provided median quarterly earnings of \$1,779 and \$2,026, respectively. Both restaurants and general retail were significantly challenged by closures and reduced operations, even when open during the pandemic.

**Exhibit 9**  
**Proportion of the Sample Employed by Industry, in First Quarter After Exit**  
**July 2012 to June 2019**

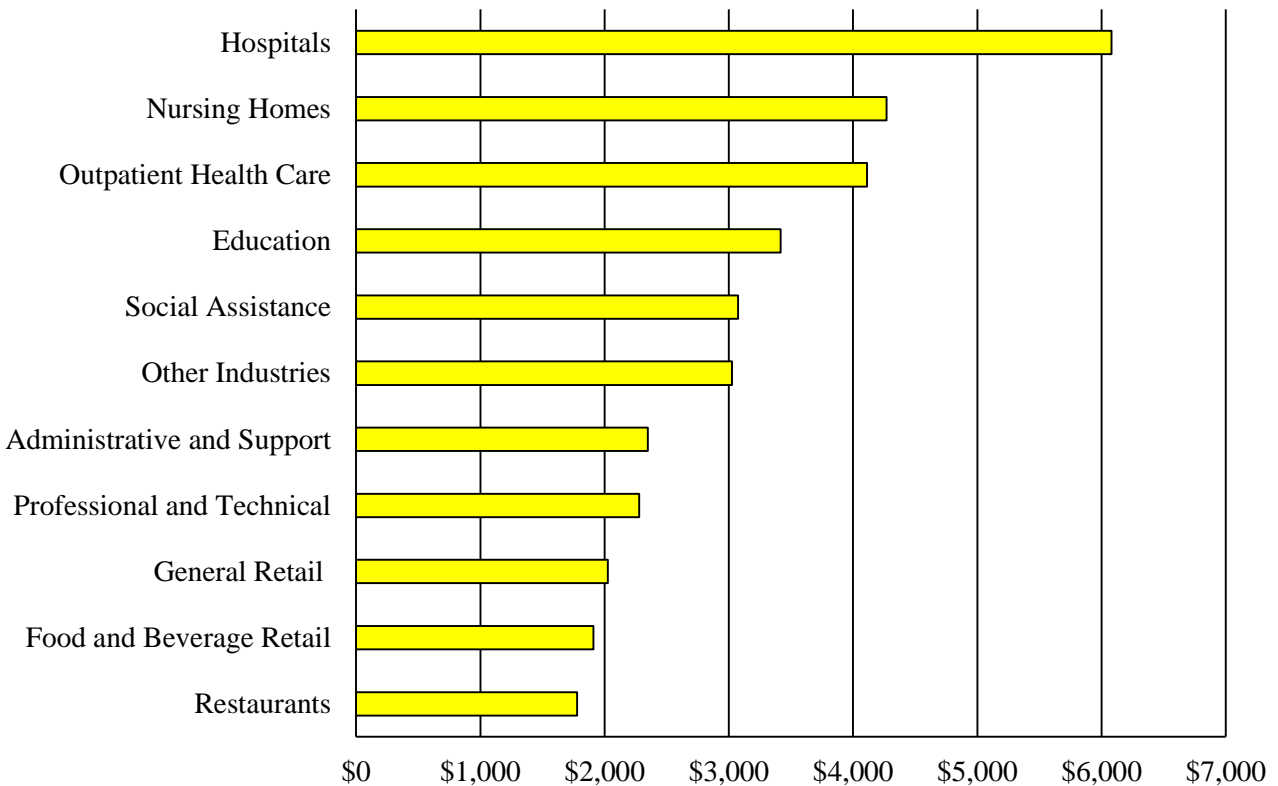


Source: *Life After Welfare, Annual Update*, December 2020, University of Maryland School of Social Work

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As shown in these exhibits, nursing homes, outpatient health care, and hospitals provided comparatively greater median quarterly earnings, with each providing more than \$4,000, and hospitals providing greater than \$6,000. However, these industries employed just 16% of the sample combined, with hospitals comprising just 3%.

**Exhibit 10**  
**Median Income in First Quarter After Exit, by Industry**  
**July 2012 to June 2019**



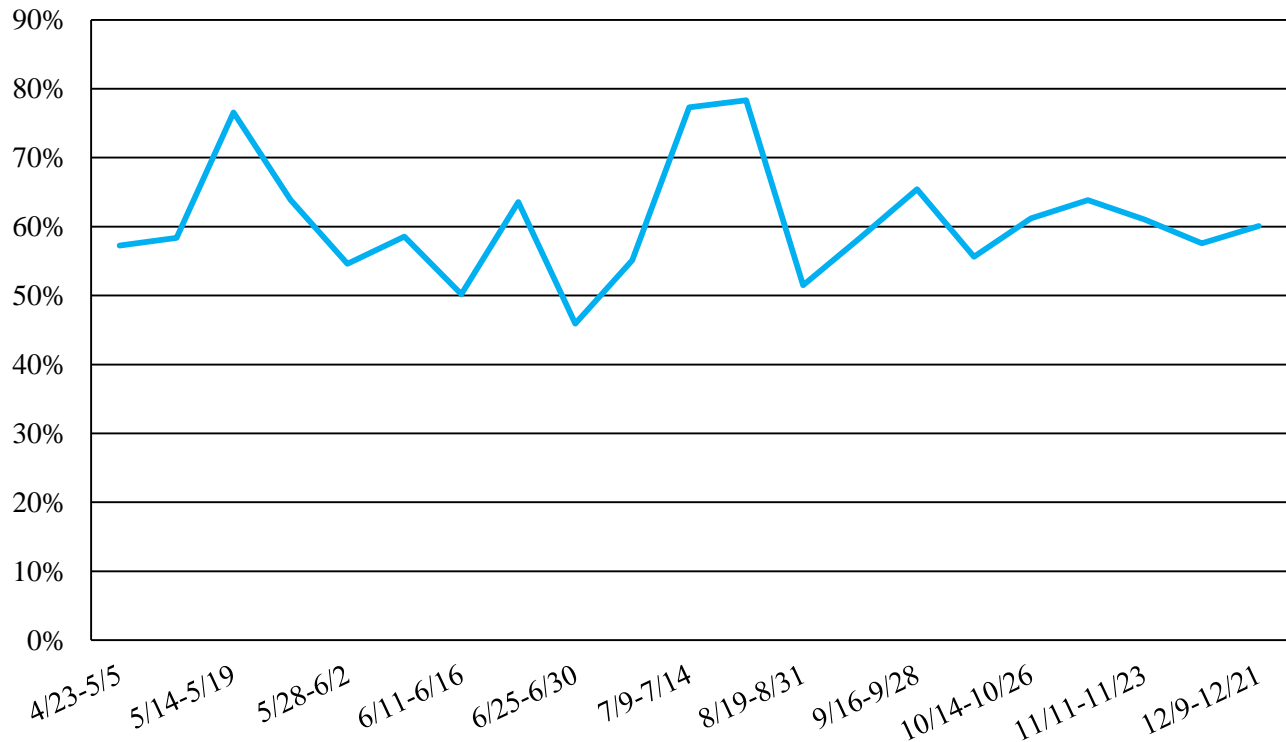
Source: *Life After Welfare, Annual Update*, December 2020, University of Maryland School of Social Work

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As shown in **Exhibit 11**, more than 40% of families with incomes of less than \$25,000 consistently reported that since March 13, 2020, that they or a household member lost employment income. With earnings ranging from approximately \$11,000 to \$25,000, nearly 70% of the TCA sample discussed above had earnings that would potentially make them vulnerable to the income loss highlighted in Exhibit 11. This vulnerability is reflected in preliminary data available from March 2020 through June 2020, which is included in the *Life After Welfare* 2020 annual update. That data indicates that 36% of families that received TCA early in the pandemic (April 2020 to June 2020) had received TCA in the past five years but that just 16% received it within the last year. This suggests that prior to the pandemic, families may have been able to achieve some degree of economic stability so that they were no longer eligible for TCA. Nevertheless, over half of the sample were still eligible for SNAP five years after exit, indicating that those households were within 130% FPG. More than 80% of families that began receiving TCA in the early months of the pandemic continued to receive it through August 2020.



**Exhibit 11**  
**Households with Income Less Than \$25,000 That Experienced Loss of**  
**Employment Income Since March 13, 2020 (for Self or Household Member)**  
**April 23, 2020 to December 21, 2020**



Note: This data is drawn from the U.S. Census Bureau's experimental Household Pulse Survey, intended to study how people's lives have been impacted by the coronavirus pandemic. The survey has evolved through three phases. In the first phase (weeks 1-12), data was sampled weekly from April 23, 2020, through July 21, 2020. In the second phase (weeks 13-17), data was sampled biweekly from August 19, 2020, through October 26, 2020. In the third phase (weeks 18-21), data was sampled biweekly from October 28, 2020, through December 21, 2020.

Source: U.S. Census Bureau Household Pulse Survey

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### **3. TANF Update**

Maryland has traditionally received over \$228 million annually from the federal TANF block grant. In fiscal 2022, the allowance anticipates that Maryland will receive \$228.3 million and an additional \$27.2 million in contingency funds. To qualify for these contingency funds, a state must:

- have an unemployment rate of at least 6.5% and that is 10% higher in a three-month period compared to the same three-month period in either of the two prior years; or
- a SNAP caseload that is 10% higher in a three-month period than in a corresponding three-month period in 1994 or 1995.

Since 2009, Maryland has received contingency funds for meeting the SNAP caseload criteria and, as long as the criteria remain unchanged, will continue to qualify for the foreseeable future.

#### **TANF Balance**

Maryland had a TANF deficit from fiscal 2011 through 2016. DHS generated a positive balance from fiscal 2017 through 2020. As shown in **Exhibit 12**, fiscal 2021 opened with a \$20 million TANF balance. However, within the year, the balance is anticipated to be completely exhausted, due in part to higher TCA caseloads. Fiscal 2022 spending is expected to leave a minimal balance of \$219,918 remaining for the start of fiscal 2023.

**Exhibit 12**  
**Availability of TANF Funding**  
**Fiscal 2019-2022 Allowance**  
**(\$ in Millions)**

	<b>Actual <u>2019</u></b>	<b>Actual <u>2020</u></b>	<b>Approp. <u>2021</u></b>	<b>Allowance <u>2022</u></b>
<b>Beginning Balance</b>	<b>\$25.55</b>	<b>\$40.73</b>	<b>\$19.99</b>	<b>\$0.00</b>
TANF Grant	\$228.34	\$228.34	\$228.34	\$228.34
Contingency TANF	26.46	27.20	27.20	27.20
<b>Total Income</b>	<b>\$254.81</b>	<b>\$255.54</b>	<b>\$255.54</b>	<b>\$255.54</b>
<b>Available Funding (Balance + Income)</b>	<b>\$280.36</b>	<b>\$296.27</b>	<b>\$275.53</b>	<b>\$255.54</b>
 <b>Total Expenditures</b>	 <b>-\$239.63</b>	 <b>-\$276.29</b>	 <b>-\$275.53</b>	 <b>-\$255.32</b>
 <b>Ending Balance</b>	 <b>\$40.73</b>	 <b>\$19.99</b>	 <b>\$0.00</b>	 <b>\$0.22</b>

TANF: Temporary Assistance for Needy Families

Note: Numbers may not sum to total due to rounding. Fiscal 2021 appropriation includes deficiency appropriations.

Source: Department of Human Services; Department of Budget and Management

## **TANF Spending**

As shown in **Exhibit 13**, fiscal 2020 actual spending rose 15% from fiscal 2019 levels. Fiscal 2021 spending is expected to remain level at fiscal 2020 levels. A 7% spending decline is anticipated in the fiscal 2022 allowance. Spending in fiscal 2022 and the out-years will likely need to closely align with TANF revenues to avoid another deficit.

**Exhibit 13**  
**Changes in TANF Spending in the DHS Budget**  
**Fiscal 2019-2022 Allowance**  
**(\$ in Millions)**

<b><u>Activity</u></b>	<b><u>Actual</u></b> <b><u>2019</u></b>	<b><u>Actual</u></b> <b><u>2020</u></b>	<b><u>Wrk. App.</u></b> <b><u>2021</u></b>	<b><u>Allowance</u></b> <b><u>2022</u></b>	<b><u>Change</u></b> <b><u>2021-2022</u></b>
Cash Assistance	\$106.0	\$120.2	\$130.6	\$106.5	-\$24.1
Work Opportunities	31.4	28.7	31.3	28.8	-2.5
Family Investment Services	7.9	8.4	8.0	7.9	-0.1
Local Family Investment Program	26.7	26.8	25.6	25.3	-0.4
Foster Care Maintenance Payments	16.3	26.0	23.6	31.0	7.4
Local Child Welfare Services	16.1	31.2	24.5	24.6	0.2
Local Adult Services	10.9	11.0	9.7	9.8	0.1
Social Services Administration					
State Operations	9.7	9.9	8.4	8.5	0.1
General Administration	14.5	14.2	13.7	12.9	-0.8
<b>Total Expenditures</b>	<b>\$239.6</b>	<b>\$276.3</b>	<b>\$275.5</b>	<b>\$255.3</b>	<b>-\$20.2</b>

DHS: Department of Human Services

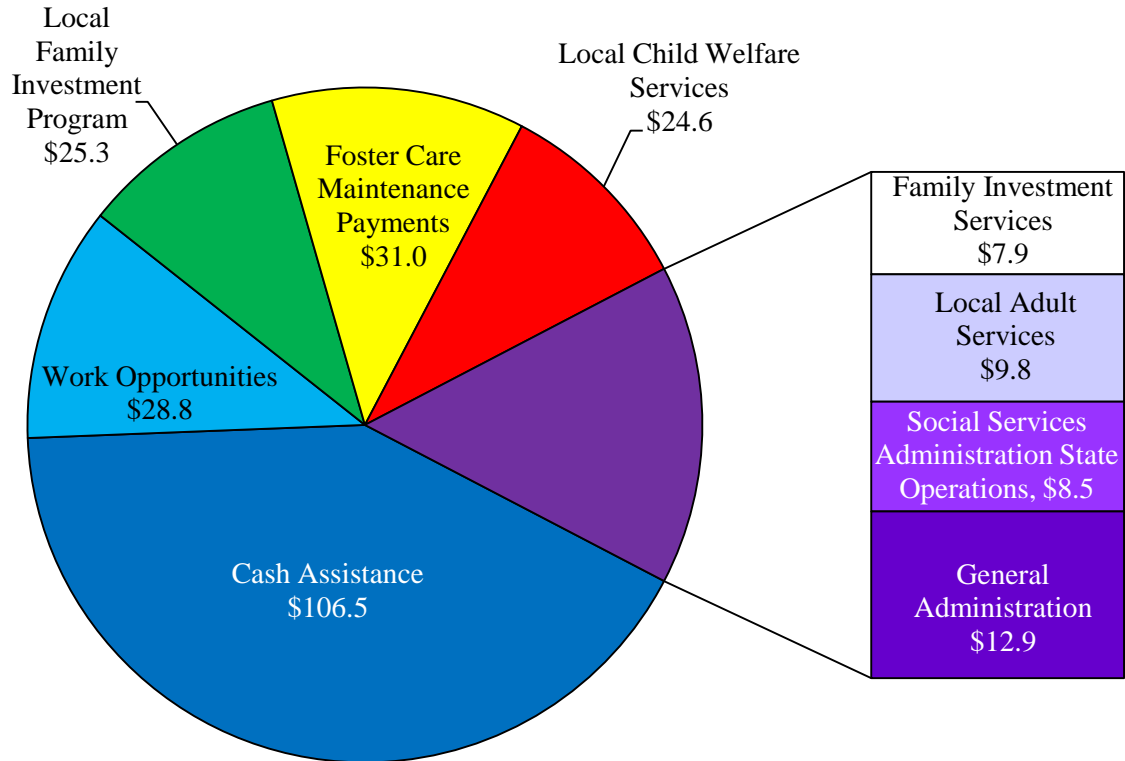
TANF: Temporary Assistance for Needy Families

Note: Numbers may not sum to total due to rounding.

Source: Governor's Fiscal 2021 and 2022 Budget Books; Department of Human Services

As shown in **Exhibits 14** and **15**, cash assistance has consistently comprised the largest share of TANF spending each year. In fiscal 2021, TANF spending for the TCA program is budgeted at 4% over fiscal 2020 levels, including a deficiency appropriation. A 6% decrease in spending on cash assistance is projected for fiscal 2022 due to anticipated caseload declines and no available fund balance as well as a shift in spending among activities. The fiscal 2022 allowance includes greater use of TANF in the Social Services Administration of DHS (an increase of \$7.7 million), particularly for foster care payments, to ease the General Fund need in those programs. Ultimately, that shift to foster care of TANF leads to increased general fund spending for TCA during this period of elevated caseloads.

**Exhibit 14**  
**TANF Spending by Program**  
**Fiscal 2022**  
**(\$ in Millions)**

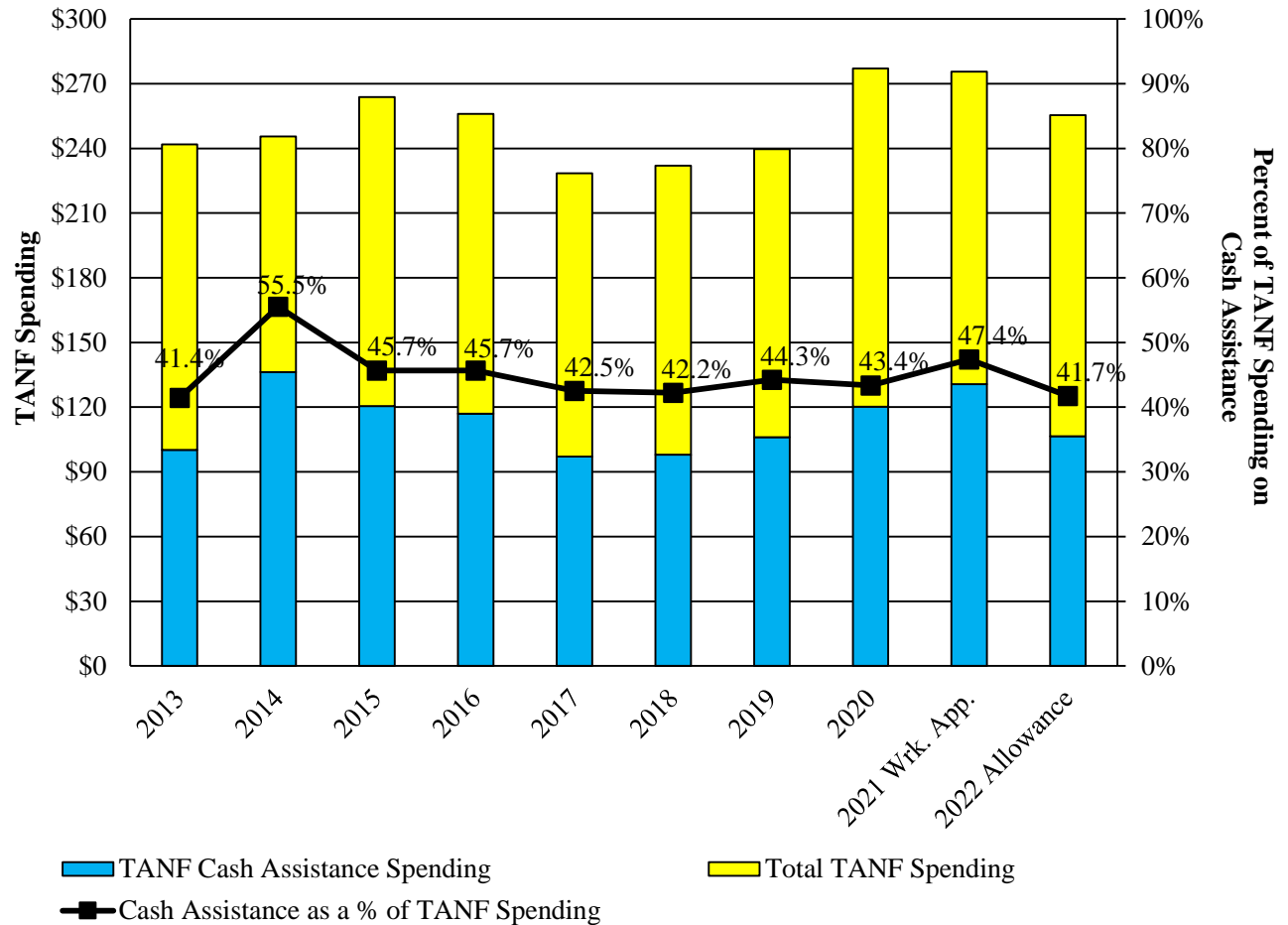


TANF: Temporary Assistance for Needy Families

Source: Governor's Fiscal 2022 Budget Books; Department of Human Services

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**Exhibit 15**  
**Cash Assistance as a Share of TANF Spending**  
**Fiscal 2013-2022 Allowance**  
**(\$ in Millions)**



TANF: Temporary Assistance for Needy Families

Note: Numbers may not sum to total due to rounding.

Source: Governor's Fiscal 2022 Budget Books; Department of Budget and Management; Department of Legislative Services

## State's Maintenance of Effort Requirement Met

In return for the annual TANF block grant, the State must spend \$177 million of its own money to meet a federal maintenance of effort (MOE) requirement equal to 75% of its spending on TANF's

predecessor programs in fiscal 1994. Additional MOE funds are required when a state receives contingency funds. Specifically, a state must spend 100% of what it spent on the predecessor programs, and then contingency funds must be matched by MOE spending.

**Exhibit 16** provides a summary of MOE funding from fiscal 2019 through 2022. MOE spending decreased between fiscal 2019 and 2020. However, in fiscal 2021, MOE spending grew more than \$57 million and is estimated to grow another \$11 million in fiscal 2022. The largest area of growth in MOE spending is for cash assistance because caseloads have risen during the pandemic and the depletion of the TANF fund balance creates a greater general fund need. Spending related to energy assistance, shown as the Electric Universal Service Program, also increases primarily due to anticipated demand.

**Exhibit 16**  
**TANF Maintenance of Effort**  
**Fiscal 2019-2022 Allowance**  
**(\$ in Thousands)**

	<b><u>Actual</u></b> <b><u>2019</u></b>	<b><u>Actual</u></b> <b><u>2020</u></b>	<b><u>Wrk. App.</u></b> <b><u>2021</u></b>	<b><u>Allowance</u></b> <b><u>2022</u></b>
Refundable State Earned Income Tax Credit	\$136,178	\$133,857	\$135,169	\$136,520
MSDE PreK	70,018	76,530	78,826	81,191
Cash Assistance	3,985	2,559	41,217	45,564
Electric Universal Service Program	31,575	20,555	35,333	37,976
Montgomery County Earned Income Tax Credit	20,336	20,276	20,475	20,679
Employment Services/Caseworkers	12,788	9,138	9,228	9,274
Kinship Care/Foster Care Payments	1,710	3,250	3,266	3,279
Administration	3,550	2,666	2,692	2,719
Social Services Administration	66	63	64	65
Community Services – Emergency Food, Shelter, Child 1st	477	280	3	3
<b>Subtotal</b>	<b>\$280,682</b>	<b>\$269,173</b>	<b>\$326,271</b>	<b>\$337,269</b>
<b>Required Maintenance of Effort</b>				
Base and Contingency Fund Add-on	\$212,907	\$212,907	\$212,907	\$212,907
Contingency Fund Match	26,463	27,202	27,202	27,202
<b>Total Required</b>	<b>\$239,371</b>	<b>\$240,109</b>	<b>\$240,109</b>	<b>\$240,109</b>
<b>Excess Maintenance of Effort</b>	<b>\$41,312</b>	<b>\$29,063</b>	<b>\$86,162</b>	<b>\$97,160</b>

MSDE: Maryland State Department of Education  
TANF: Temporary Assistance for Needy Families

Note: Numbers may not sum to total due to rounding.

Source: Department of Human Services; Department of Budget and Management; Department of Legislative Services